

NORTH CAROLINA DEED OF TRUST

SATISFACTION: The debt secured by the within Deed of Trust together with the note(s) secured thereby has been satisfied in full.

This the _____ day of _____, 20____

Signed: _____

Parcel Identifier No. _____ Verified by _____ County on the ____ day of _____, 20____

By: _____

Mail/Box to: Beneficiary, Attn: Director, Department of Community Development, City of Durham

This instrument was prepared by: Arnetta Herring

Brief description for the Index: 1 Rock Cottage Court, Durham, NC

THIS DEED of TRUST made this _____ day of _____, 2012, by and between:

GRANTOR	TRUSTEE	BENEFICIARY
Rockwood AH-1 Associates Limited Partnership	Thomas J. Bonfield	City of Durham 101 City Hall Plaza Durham, NC 27701

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor, Trustee, and Beneficiary as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, That whereas the Grantor is indebted to the Beneficiary in the principal sum of One Hundred Ninety Seven Thousand Eight Hundred Thirty Eight and 00/100 Dollars (\$197,838.00), as evidenced by a Promissory Note dated _____, 2014 the terms of which are incorporated herein by reference. The final due date for payments of said Promissory Note, if not sooner paid, is June 30, 2031.

NOW, THEREFORE, as security for said indebtedness, advancements and other sums expended by Beneficiary pursuant to this Deed of Trust and costs of collection (including attorneys fees as provided in the Promissory Note) and other valuable consideration, the receipt of which is hereby acknowledged, the Grantor has bargained, sold, given and conveyed and does by these presents bargain,

sell, give, grant and convey to said Trustee, his heirs, or successors, and assigns, the parcel(s) of land situated in the City of _____Durham_____, _____City-In_____ Township, _____Durham_____ County, North Carolina, (the "Premises") and more particularly described as follows: Pin # 0821-18-20-4521.

The land and all buildings and improvements now or hereafter located on the Premises identified as 1 Rock Cottage Court, and being further Described in Exhibit "A", attached.

TO HAVE AND TO HOLD said Premises with all privileges and appurtenances thereunto belonging, to said Trustee, his heirs, successors, and assigns forever, upon the trusts, terms and conditions, and for the uses hereinafter set forth.

The proceeds of the Sale shall after the Trustee retains his commission, together with reasonable attorneys fees incurred by the Trustee in such proceedings, be applied to the costs of sale, including, but not limited to, costs of collection, taxes, assessments, costs of recording, service fees and incidental expenditures, the amount due on the Note hereby secured and advancements and other sums expended by the Beneficiary according to the provisions hereof and otherwise as required by the then existing law relating to foreclosures. The Trustee's commission shall be five percent (5%) of the gross proceeds of the sale or the minimum sum of **\$100.00** whichever is greater, for a completed foreclosure. In the event foreclosure is commenced, but not completed, the Grantor shall pay all expenses incurred by Trustee, including reasonable attorneys fees, and a partial commission computed on five per cent (5%) of the outstanding indebtedness or the above stated minimum sum, whichever is greater, in accordance with the following schedule, to-wit: one-fourth (¼) thereof before the Trustee issues a notice of hearing on the right to foreclosure; one-half (½) thereof after issuance of said notice, three-fourths (¾) thereof after such hearing; and the greater of the full commission or minimum sum after the initial sale.

And the said Grantor does hereby covenant and agree with the Trustee as follows:

1. **INSURANCE.** Grantor shall keep all improvements on said land, now or hereafter erected, constantly insured for the benefit of the Beneficiary against loss by fire, windstorm and such other casualties and contingencies, in such manner and in such companies and for such amounts, not less than that amount necessary to pay the sum secured by this Deed of Trust, and as may be satisfactory to the Beneficiary. Grantor shall purchase such insurance, pay all premiums therefor, and shall deliver to Beneficiary such policies along with evidence of premium payments as long as the Note secured hereby remains unpaid. If Grantor fails to purchase such insurance, pay premiums therefor or deliver said policies along with evidence of payment of premiums thereon, then Beneficiary, at his option, may purchase such insurance. Such amounts paid by Beneficiary shall be added to the principal of the Note secured by this Deed of Trust, and shall be due and payable upon demand of Beneficiary. All proceeds from any insurance so maintained shall at the option of Beneficiary be applied to the debt secured hereby and if payable in installments, applied in the inverse order of maturity of such installments or to the repair or reconstruction of any improvements located upon the Property.

2. **TAXES, ASSESSMENTS, CHARGES.** Grantor shall pay all taxes, assessments and charges as may be lawfully levied against said Premises within thirty (30) days after the same shall become due. In the event that Grantor fails to so pay all taxes, assessments and charges as herein required, then Beneficiary, at his option, may pay the same and the amounts so paid shall be added to the principal of the Note secured by this Deed of Trust, and shall be due and payable upon demand of Beneficiary.

3. **ASSIGNMENTS OF RENTS AND PROFITS.** Grantor assigns to Beneficiary, in the event of default, all rents and profits from the land and any improvements thereon, and authorizes Beneficiary to enter upon and take possession of such land and improvements, to rent same, at any reasonable rate of rent determined by Beneficiary, and after deducting from any such rents the cost of reletting and collection, to apply the remainder to the debt secured hereby.

4. PARTIAL RELEASE. Grantor shall not be entitled to the partial release of any of the above described property unless a specific provision providing therefor is included in this Deed of Trust. In the event a partial release provision is included in this Deed of Trust, Grantor must strictly comply with the terms thereof. Notwithstanding anything herein contained, Grantor shall not be entitled to any release of property unless Grantor is not in default and is in full compliance with all of the terms and provisions of the Note, this Deed of Trust, and any other instrument that may be securing said Note.

5. WASTE. The Grantor covenants that he will keep the Premises herein conveyed in as good order, repair and condition as they are now, reasonable wear and tear excepted, and will comply with all governmental requirements respecting the Premises or their use, and that he will not commit or permit any waste.

6. CONDEMNATION. In the event that any or all of the Premises shall be condemned and taken under the power of eminent domain, Grantor shall give immediate written notice to Beneficiary and Beneficiary shall have the right to receive and collect all damages awarded by reason of such taking, and the right to such damages hereby is assigned to Beneficiary who shall have the discretion to apply the amount so received, or any part thereof, to the indebtedness due hereunder and if payable in installments, applied in the inverse order of maturity of such installments, or to any alteration, repair or restoration of the Premises by Grantor.

7. WARRANTIES. Grantor covenants with Trustee and Beneficiary that he is seized of the Premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that he will warrant and defend the title against the lawful claims of all persons whomsoever, except for the exceptions hereinafter stated. Title to the property hereinabove described is subject to the following exceptions:

8. SUBSTITUTION OF TRUSTEE. Grantor and Trustee covenant and agree to and with Beneficiary that in case the said Trustee, or any successor trustee, shall die, become incapable of acting, renounce his trust, or for any reason the holder of the Note desires to replace said Trustee, then the holder may appoint, in writing, a trustee to take the place of the Trustee; and upon the probate and registration of the same, the trustee thus appointed shall succeed to all rights, powers and duties of the Trustee.



THE FOLLOWING PARAGRAPH, 9. SALE OF PREMISES, SHALL NOT APPLY UNLESS THE BLOCK TO THE LEFT MARGIN OF THIS SENTENCE IS MARKED AND/OR INITIALED.

9. SALE OF PREMISES. N/A

10. ADVANCEMENTS. If Grantor shall fail to perform any of the covenants or obligations contained herein or in any other instrument given as additional security for the Note secured hereby, the Beneficiary may, but without obligation, make advances to perform such covenants or obligations, and all such sums so advanced shall be added to the principal sum, shall bear interest at the rate provided in the Note secured hereby for sums due after default and shall be due from Grantor on demand of the Beneficiary. No advancement or anything contained in this paragraph shall constitute a waiver by Beneficiary or prevent such failure to perform from constituting an event of default.

11. INDEMNITY. If any suit or proceeding be brought against the Trustee or Beneficiary or if any suit or proceeding be brought which may affect the value or title of the Premises, Grantor shall defend, indemnify and hold harmless and on demand reimburse Trustee or Beneficiary from any loss, cost, damage or expense and any sums expended by Trustee or Beneficiary shall bear interest as provided in the Note secured hereby for sums due after default and shall be due and payable on demand.

12. WAIVERS. Grantor waives all rights to require marshaling of assets by the Trustee or Beneficiary. No delay or omission of the Trustee or Beneficiary in the exercise of any right, power or remedy arising under the Note or this Deed of Trust shall be deemed a waiver of any default or acquiescence therein or shall impair or waive the exercise of such right, power or remedy by Trustee or Beneficiary at any other time.

13. CIVIL ACTION. In the event that the Trustee is named as a party to any civil action as Trustee in this Deed of Trust, the Trustee shall be entitled to employ an attorney at law, including himself if he is a licensed attorney, to represent him in said action and the reasonable attorney's fee of the Trustee in such action shall be paid by the Beneficiary and added to the principal of the Note secured by this Deed of Trust and bear interest at the rate provided in the Note for sums due after default.

14. PRIOR LIENS. Default under the terms of any instrument secured by a lien to which this Deed of Trust is subordinate shall constitute default hereunder.

15. OTHER TERMS.

See Exhibits A,B & C, attached hereto and incorporated by reference.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

Rockwood AH -1 Associates Limited Partnership.

_____(SEAL)

(Entity Name)

By: _____

James W. Pou, General Partner

_____(SEAL)

By: _____

_____(SEAL)

By: _____

_____(SEAL)

Title: _____

State of North Carolina - County of _____

I, the undersigned Notary Public of the County and State aforesaid, certify that _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed. Witness my hand and Notarial stamp or seal this ____ day of _____, 20__.

My Commission Expires: _____

Notary Public

State of North Carolina - County of _____

I, the undersigned Notary Public of the County and State aforesaid, certify that _____ personally came before me this day and acknowledged that he is the _____ of _____, a North Carolina or _____ corporation/limited liability company/general partnership/limited partnership (strike through the inapplicable), and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this ____ day of _____, 20__.

My Commission Expires: _____

Notary Public

State of North Carolina - County of _____

I, the undersigned Notary Public of the County and State aforesaid, certify that _____

Witness my hand and Notarial stamp or seal, this ____ day of _____, 20__.

My Commission Expires: _____

Notary Public

The foregoing Certificate(s) of _____ is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

_____ Register of Deeds for _____ County

By: _____ Deputy/Assistant - Register of Deeds

EXHIBIT A

EXHIBIT B

If the Grantor shall pay the Deed of Trust Note secured hereby in accordance with its terms and shall comply with all of the covenants, terms and conditions of this Deed of Trust and a Loan Agreement by and between the Grantor and Beneficiary, of even date herewith (hereinafter "Loan Agreement"), then this conveyance shall be null and void and may be canceled of record at the request of the grantor. If, however, there shall be any default in any of the covenants, terms or conditions contained herein, in the Loan Agreement, or in the Deed of Trust Note secured hereby, or in any subsequent instruments executed between the parties hereto, and such default is not cured within the period of time, if any, provided therefore in those instruments or otherwise specified in writing by the Beneficiary, then the remedies provided herein and in those instruments shall be available to the Trustee and Beneficiary. By way of illustration but not limitation, the Trustee is specifically authorized and empowered, upon request of the Beneficiary, to sell the Premises herein conveyed at public auction for cash, after having first given notice of hearing as to commencement of foreclosure proceedings and after having obtained such findings or leave of court as may be then required by law, and giving notice and advertising of the time and place of sale in such manner as may be then provided by law, and upon compliance with the law then relating to foreclosure proceedings under power of sale, to convey title to the purchaser in as full and ample manner as the Trustee is empowered. The Trustee shall be authorized to retain an attorney to represent him in such proceedings.

EXHIBIT C

15. Wherever the term "Promissory Note" occurs in this document, it shall refer to the Deed of Trust Note between Grantor and Beneficiary of even date herewith.

16. Future Advances. This Deed of Trust is given to secure all present and future advances and re-advances by Beneficiary to Grantor, if any, and also to secure the performance and observation by Grantor of all of the other terms, covenants, conditions and agreements of this Deed of Trust, the Deed of Trust Note, the Loan Agreement and all other Loan documents, as the same from time to time may be modified and amended.

Future Advances shall include all amounts payable by Grantor to Beneficiary under the Loan documents, any fees or interest accruing under the Loan Agreement or Deed of Trust Note, and shall also include any amounts paid by the Trustee or the Beneficiary to protect or preserve the Premises or to protect, preserve, uphold and defend the lien of this Deed of Trust on the Premises, or for taxes, assessments or insurance premiums, or for performance of any of Grantor's obligations hereunder or under any of the other Loan documents, or for any other purpose provided herein or in the other Loan documents, whether or not the original Grantor remains the owner of the Premises at the time of such advance.

The amount of the present advance secured hereby is _____ (\$ _____) following the execution of this Deed of Trust; provided, however, that said period may be extended by Beneficiary up to, but not more than, five (5) years from the date hereof. The maximum principal amount, including present and future advances, which may be secured hereby at any one time is equal to the principal amount of Sixty Five Thousand Five Hundred and 00/100 Dollars (\$65,500.00); provided, however, that said maximum amount may be increased by such additional sums and amounts as may be advanced by Beneficiary pursuant to the provisions of this Deed of Trust, and all such expenditures for the protection of the security in accordance with the provisions of Section 45-70(c) of the General Statutes of North Carolina. The period within which the future advances may be made hereunder will expire fifteen (15) years from the date hereof and shall be governed under the Loan Agreement.

17. Due on Sale. In the event that all or any portion of the Premises is sold, transferred, assigned, conveyed or otherwise disposed of, whether voluntarily or involuntarily, other than the lease by the Grantor of a "Dwelling Unit" (a term defined in the Loan Agreement) to an "Eligible Tenant" (a term defined in the Loan Agreement), then the principal sum of the Deed of Trust Note secured hereby shall immediately become due and payable in full.

18. Right to Enter and Take Possession. In the event of a Default, and in addition to, and not in limitation of, any and all rights or remedies available to the Trustee or Beneficiary as a result of any such Default either by law or by any other provision of this Deed of Trust or any of the other Loan documents, the Beneficiary, in its sole discretion, may elect to pursue the following remedy. Irrespective of whether Beneficiary accelerates the maturity of the indebtedness, the Beneficiary, or by such officers or agents as may be appointed for such purpose, may without notice, enter upon and take possession of the Premises or any part thereof, with or without the appointment of a receiver, or an application therefor, and may exclude Grantor and its agents and employees wholly therefrom, and may have joint access with Grantor to the books, papers, and accounts of Grantor. If Grantor shall for any reason fail to surrender or deliver the Premises or any part thereof after such demand by

Beneficiary, Beneficiary may obtain a judgment or decree conferring upon Beneficiary the right to immediate possession or requiring Grantor to deliver immediate possession of the Premises to Beneficiary, and Grantor hereby specifically covenants and agrees that Grantor will not oppose, contest or otherwise hinder or delay Beneficiary in any action or proceeding by Beneficiary to obtain such judgment or decree. Grantor shall pay to the Beneficiary, upon demand, all expenses of obtaining such judgment or decree, including reasonable compensation to Beneficiary, its attorneys and agents, and all such expenses and compensation shall, until paid, become part of the indebtedness. Upon entering upon or taking of possession of the Premises, Beneficiary may hold, store, use and control the Premises and conduct the business thereof, and from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterment's and improvements thereto and thereon, and purchase or otherwise acquire additional fixtures, personalty and other property; (ii) insure or keep the Premises insured; (iii) manage and operate the Premises and exercise all the rights and powers of Grantor to the same extent as Grantor could in its own name or otherwise act with respect to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to Beneficiary, all as Beneficiary from time to time may determine to be in its best interest. Beneficiary may collect and receive all the income, rents, issues, profits and revenues from the Premises, including those past due as well as those accruing thereafter, and Beneficiary may apply any monies and proceeds received by Beneficiary, in whatever order or priority Beneficiary in its sole discretion may determine, to the payment of (i) all expenses of taking, holding, managing and operating the Premises (including, but not limited to, compensation for the services of all persons employed for such purposes); (ii) the cost of all such maintenance, repairs, renewals, replacements, additions, betterment's, improvements, purchases and acquisitions; (iii) the cost of insurance; (iv) such taxes, assessments and other similar charges that Beneficiary may at its option pay; (v) other charges upon the Premises or any part thereof, (vi) the reasonable compensation, expenses and disbursements of the attorneys and agents of Beneficiary; (vii) accrued interest; (viii) deposits and other sums required to be paid under this Deed of Trust; or (ix) overdue installments of indebtedness. Beneficiary shall not be obligated to discharge or perform the duties of the landlord to any tenant or incur any liability as the result of any exercise by Beneficiary of its rights under this Deed of Trust, and the Trustee and Beneficiary shall be liable to account only for such rents, issues and profits, and other proceeds actually received by either of them.

19. Severability. If any provision of the Deed of Trust shall be held by a court of competent jurisdiction to be unconstitutional, invalid or unenforceable, the remainder of the provisions in this instrument shall continue in effect.